



17555 PEAK AVENUE MORGAN HILL CALIFORNIA 95037

MORGAN HILL
FINANCIAL POLICY COMMITTEE

Morgan Hill Civic Center
West Conference Room
17555 Peak Avenue
Morgan Hill, California

Chairperson:
Committee Member:
Committee Member:
Staff:

Council Member Steve Tate
Council Member Mark Grzan
City Treasurer Mike Roorda
City Manager Ed Tewes
Director of Finance Jack Dilles

REGULAR MEETING

Friday, March 18, 2005

MINUTES

6:03 P.M.

CALL TO ORDER by Chair Tate

Chair Tate (by teleconference), Committee Member Grzan & Committee Member Roorda
Staff: Tewes & Dilles

DECLARATION OF POSTING OF AGENDA

In compliance with Government Code 54954.2

PUBLIC COMMENTS

The Morgan Hill Financial Policy Committee welcomes comments from all individuals on any agenda item being considered by the Committee. In the interest of brevity and timeliness and to ensure the participation of all those desiring an opportunity to speak, comments presented to the Committee are limited to Three Minutes.

BUSINESS:

1. Approval of Financial Policy Committee Minutes of February 23, 2005

The Financial Policy Committee minutes for February 23, 2005, were approved unanimously on a motion by Committee Member Grzan, seconded by Committee Member Roorda.

2. Revenue Enhancements (Discussion)

John Fairbank from Fairbank, Maslin, Maullin & Associates, a polling firm recently hired by the City, joined the meeting by teleconference. He indicated that three potential ballot measure dates would be 1) a date on which the Governor may call for a special election, 2) June 2006, or 3) November 2006. He indicated that sales taxes are polling and succeeding best State-wide. He has not found that many people vote against a new sales tax. Chair Tate responded that the City already has sales going down to Gilroy, so this may not be the best way to go. Committee Grzan stated that he would like to give residents options and to hear about their preferences. He indicated that the City should inform the public how much in revenues is needed and how the revenues would be spent, so that the public could gauge whether these are services that they would use. Committee Member Grzan indicated that the City could say what repercussions could occur if a new tax does not pass. City Manager Tewes responded that the City's adopted strategy states that the City needs \$1.2 million per year to sustain existing services, so the City would like to know whether residents support a tax for existing services.

City Manager Tewes indicated that the first poll should provide an answer to the question "What do people know?" Then the City would communicate with the public. Then a second poll would clarify what type of revenue measure citizens would support. Then there would be a ballot campaign by those who are so inclined. Finally, there may be a third poll. Mr. Fairbank indicated that there certainly should be questions about awareness of the City's financial situation. He said that many voters are linking local problems to State problems. Committee Member Roorda mentioned that the City still does have \$9 million in reserves. Mr. Fairbank indicated that the first survey should focus on City satisfaction, awareness, and needs. City Manager Tewes stated that the poll results should provide feedback regarding the fairness of revenue options. Further, the City should be pointing toward a November 2006 ballot measure unless the polling shows that there is a preference for accelerating the process.

Mr. Fairbank indicated that his firm could test a funding mechanism to see if it is necessary to tie the new revenues to a specific use of the new money. Committee Member Grzan supported this idea; he would like to see the new money used for public safety, etc. City Manager Tewes mentioned, for instance, that for \$2 million the City could have a new fire company. Committee Member Grzan said that it would confuse the public if we were to use new moneys for fire services, yet not be ready to cut fire services if a new tax measure does not pass. Chair Tate responded that the City does need to add a new fire station. Committee Member Grzan added that the City does need to address what would be reduced. The Committee agreed that, because police and fire take up most of the budget, public safety would have to be further impacted if new revenues are not

raised. Committee Member Grzan said it is reasonable to ask if new revenues amount to more than \$1.2 million, could the City maintain and expand City services? Chair Tate indicated that public safety is a hot-button issue.

Committee Member Grzan sees a deficit in Recreation and other services, yet anything raised above \$1.2 million must go to public safety. Chair Tate agreed with this conclusion. Committee Grzan indicated that he would be concerned if the use of the new moneys becomes too complicated. Chair Tate responded that it is leadership that is important.

City Manager Tewes and Committee Member Grzan indicated that it would be useful to know what the public believes about the cost of recreation services being paid for through a mix of fees and taxes.

Mr. Fairbank stated that many cities are taking the “50 + 1” approach where the public is asked to support a list of uses of the new money with no specific use and no dollar amount pegged to each use. Most attorneys allow for a full description of services because voters want to know where the money is going. Committee Member Grzan stated that the City needs to be clear where we are going and that the City should not shape the response. Committee Member Grzan asked “what is the next step?”

Mr. Fairbank stated that he will consider the tone, language, and thrust that he gleans from the Committee and staff and will draft questions. He will then provide the questions to us for our review. Once the City and his firm have finalized the questions, his firm will start the survey 4 or 5 days later.

Committee Member Tate asked if the City shouldn’t be providing information (in the questions) such as “Morgan Hill has x officers per 1,000 residents and the average for all cities is y”? City Manager Tewes added why not ask “are you happy with police services and the response time?” Mr. Fairbank stated we could ask “would you support a police ratio of x/1,000 residents? Committee Member Grzan responded that we would not want to build a false goal that the City could not meet.

Mr. Fairbank asked “Should we include the need to raise \$1.2 million per year for this first poll?” Committee Member Grzan responded that we should and that we should also ask if the community would support additional services for additional dollars. Mr. Fairbank indicated that he would ask about funding both types of services in the questions. Staff added that a parcel tax of \$125 on each parcel in town would raise the \$1.2 million needed (based upon 9,500 parcels).

Mr. Fairbank stated that the survey does need to take approximately 20 minutes. He suggested that we hold off on the exact length of the survey until the questions have been finalized. Staff responded that the contract between his firm and the City does limit the maximum survey length to 22 minutes so that the cost would not exceed the contract maximum.

Committee Member Grzan asked if there would be demographic questions. Mr. Fairbank responded that there would be questions of this type and they would ask questions relevant to Morgan Hill. He said they would ask about children in the household and length of time in Morgan Hill.

Committee Member Grzan asked about advance notice to the public regarding the survey. Mr. Fairbank responded that residents should not be told in advance about the survey so that the most objective responses are obtained. He also indicated that the callers for the survey would not indicate that they are calling on behalf of the City; they will indicate that they are an opinion research firm calling on matters of public opinion.

Chair Tate asked how results would be presented once the survey has been completed. Mr. Fairbank responded that he will have a color PowerPoint presentation that could be presented to the City Council or other group. Chair Tate indicated that he is thinking that the presentation would be made not so much to the Council, but rather to the public at a retreat or study session. Committee Member Grzan remarked that a town hall meeting would be appropriate.

Mr. Fairbank indicated that he is not sure the City needs 3 surveys. He believes two may be sufficient. The first survey would be a broad based awareness survey exploring taxes and services. The next one or two surveys would go into greater depth and focus on more detailed questions about key concepts identified in the first survey.

3. February 2005 Finance & Investment Report

This item was briefly discussed.

4. Future Agenda Items (Discussion)

None.

ADJOURNMENT: 7:45 P.M.

NOTICE

AMERICANS WITH DISABILITY ACT (ADA)

The City of Morgan Hill complies with the Americans with Disability Act (ADA) and will provide reasonable accommodation to individuals with disabilities to ensure equal access to all facilities, programs and services offered by the City.

If assistance is needed regarding any item appearing on the City Council agenda, please contact the Office of the City Clerk at 17555 Peak Avenue or call 779-7259 or (Hearing Impaired only - TDD 776-7381) to request accommodation.